

## Message Text

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43

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 XMB-07 TRSE-00 CIAE-00 INR-10

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FM AMEMBASSY BELGRADE

TO USDOC WASHDC

SECSTATE WASHDC 6815

INFO AMCONSUL ZAGREB

UNCLAS BELGRADE 3309

PASS EXIM

E.O. 11652: N/A

TAGS: ETRD, EGEN, PFOR, YO

SUBJECT: MAJOR PROJECT: PULP AND PAPER INDUSTRY

SUMMARY: EMBASSY OFFICER, IN CONVERSATION WITH PRESIDENT OF FEDERAL ASSOCIATION OF YUGOSLAV PULP, PAPER AND CARDBOARD INDUSTRY, WAS INFORMED OF CURRENT EXPANSION PLANS FOR PULP PRODUCTION IN YUGOSLAVIA, INVOLVING INVESTMENTS IN EQUIPMENT AND TECHNOLOGY OF SOME \$165-MILLION. END SUMMARY.

1. YUGOSLAV PULP AND PAPER INDUSTRY IS COMPRISED OF 30 FACTORIES FOR PULP AND PAPER, EIGHT FACTORIES FOR PACKING OF PAPER PRODUCTS, AND 6 CARDBOARD FACTORIES. ASSOCIATION PRESIDENT RATKO POPOVIC SAID THAT FOLLOWING PROJECTS ARE IN PLANNING STATE:

A. "INCEL" ENTERPRISE (INDUSTRY FOR WOOD, PULP, PAPER AND FIBERS) AT BANJA LUKA, BOSNIA-HERCEGOVINA, PLANS CONSTRUCTION OF ENTIRE PULP PLANT WITH ANNUAL CAPACITY OF 170,000 TONS, TOTAL VALUE OF \$80-MILLION.

B. "MATROZ" ENTERPRISE (PULP AND PAPER) AT SREMSKA MITROVICA, VOJVODINA, TO EXPAND FACILITIES IN FIRST PHASE FOR CONSTRUCTION OF PULP PLANT WITH CAPACITY OF 40,000 TONS, VALUED AT \$35-MILLION. SECOND PHASE TO INCLUDE PLANT FOR PRODUCTION OF NEWS-  
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PRINT.

C. "DJURO SALAJ" ENTERPRISE (FACTORY FOR NEWSPRINT) AT KRSKO, CROATIA, TO CONSTRUCT PULP PLANT WITH 60,000 TONS CAPACITY AND MACHINERY FOR PRODUCTION OF NEWSPRINT. TOTAL VALUE ABOUT \$50-MILLION.

2. POPOVIC REPORTS THAT THESE EXPANSION PROJECTS HAVE BEEN APPROVED BY FEDERAL EXECUTIVE COUNCIL (FEC) WITH INSTRUCTION TO HIS ASSOCIATION TO PROCEED WITH PLANS, INCLUDING BACKING FROM YUGOSLAV BANKS ON FINANCING. GOVERNMENT INTEREST REFLECTS DESIRE TO SATISFY DOMESTIC DEMAND AND STIMULATE EXPORTS. "TURNKEY" PROPOSALS ARE SOUGHT FROM FOREIGN BIDDERS: EQUIPMENT AND TECHNOLOGY FOR CONSTRUCTION OF PLANTS, ENGINEERING ASSESSMENT, FINANCING PROPOSALS (INCLUDING POSSIBILITY OF EXIM SUPPORT ON U.S. EQUIPMENT, WHICH THEY ARE VERY INTERESTED IN), ETC.

3. POPOVIC SAYS THAT THIS INFO NOT YET ANNOUNCED TO OTHER COUNTRIES AND WOULD WELCOME U.S. PARTICIPATION IN ONE OR ALL PROJECTS. HE COMMENTED THAT IN PAST YUGOSLAV PULP AND PAPER INDUSTRY HAS EXPERIENCED DIFFICULTY IN ESTABLISHING CONTACT WITH APPROPRIATE U.S. SUPPLIERS. THEY HAVE CONCLUDED LONG-TERM COOPERATION AGREEMENT WITH CANADIANS.

4. ACTION REQUESTED: REQUEST THAT THIS MAJOR PROJECT OPPORTUNITY BE MADE AVAILABLE TO U.S. COMPANIES. IF U.S. INDUSTRY INTEREST IS PRESENT, REQUEST THAT NAMES OF U.S. FIRMS BE PASSED TO EMBASSY, AS WELL AS DIRECTLY TO: RATKO POPOVIC, PREDSEDNIK, ZAJEDNICA JUGOSLOVENSKE INDUSTRIJE CELULOZE, PAPIRA, KARTONA, LEPENKE, AMBALAZE I PROMETA, SVETOZARA MARKOVICA 22, BEOGRAD, YUGOSLAVIA. UPON RECEIPT OF INQUIRY, THROUGH EMBASSY OR DIRECT, ASSOCIATION WILL IMMEDIATELY PROVIDE DETAILS. AT THIS STAGE, THEY ARE MERELY EXPLORING TO SEE IF U.S. CONTACTS ARE POSSIBLE.  
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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
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**Disposition Date:** 01 JAN 1960  
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**Status:** NATIVE  
**Subject:** MAJOR PROJECT: PULP AND PAPER INDUSTRY SUMMARY: EMBASSY OFFICER, IN CONVERSATION WITH PRESIDENT OF  
**TAGS:** ETRD, EGEN, PFOR, YO, US, CA  
**To:** STATE  
**Type:** TE  
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